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Grain and Feed

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Report Highlights:

Recent milling and baking trials of Australian wheat have proved successful as Aussies increase their sales efforts. Some importers say better quality of Australian wheat more than compensates for higher transport costs. Feedgrain imports from Latin American (Argentina, Brazil) continue to pry market share from U.S. producers. Corn importers note higher protein and lower moisture as key selling points.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Summary

Israel, imports 95 percent of its grain and feed needs. Only wheat is ordinarily planted domestically, usually supplying less that 200,000 mt of almost one million mt consumed annually. Total food and feed grain imports in MY2000 (October 2000 to September 2001) amounted to close to four million mt, of which 2.4 million mt were feed and grains. MY2000 saw a longer than usual import season from South America and at the end of the year the sourcing of significant quantities of feed wheat from the Black Sea Basin, mainly from the Ukraine. Fifty four percent of total imports (2,161 tmt) were from the U.S. The U.S. share of feed grain imports was 44 percent, down 16 percent from 1996 but more than 30 points higher than in MY1997 and MY1998 when it reached a low of 14 percent. The American market share is affected by two contrasting phenomena: imports of feed grains from new origins, mainly from the Black Sea basin, and Israel's successive droughts which caused growth in the importation of milling quality wheat. The fuctuations in U.S. market share are accentuated by the Israeli feedmills' high price sensitivity and lack of what might be called "brand loyalty".

The outlook for MY2001 is for continuous expanded imports of feed wheat, corn and soybeans from the Black Sea and South American where yields have been good and, especially in Argentina, where logistics have improved considerably. Furthermore, in addition to small but gradually growing imports of milling wheat from European sources, flour mill trials of Australian wheat have been successful. According to Israeli millers the higher cost of shipping from Australia is more than covered by lower dockage and lower moisture content. Despite the new source for milling wheat, American HRW is expected to retain its 80 to 90 percent of market share. Medium and long term forecasts indicate that Israeli importers consider East European countries a natural, convenient and profitable source for feed grains, mainly feed wheat and corn. Argentina and Brazil are also growing mainly as suppliers of corn and soybeans. Total MY2001 consumption of the main grains: wheat, corn, barley and sorghum, is forecast to drop by at least 5 percent as a consequence of the political turbulence of the region and the deepening economic recession in Israel which has already affected the standard of living of both Israelis and Palestinians. If the economic and political situations do not change, the effects on consumption of dairy and poultry products will be reflected in lower imports of animal feed and soft wheats for baked goods.

Local wheat production in the 2000/2001 crop year totaled 150 tmt, of which 135 tmt were marketed through official channels. At the time of writing this reports (mid December 2001), the condition of wheat fields looks promising after sufficient rains in November and at the beginning of December. The predicted yield, slightly above the long term average, is expected to be 170- to 180 tmt.

PSD Table						
Country:	Israel					
Commodity:	Wheat					
		2000		2001		2002
	Old	New	Old	New	Old	New
Market Year Begin		07/2000		07/2001		07/2002
Area Harvested	25	25	75	75	0	75
Beginning Stocks	200	200	250	170	0	210
Production	80	80	170	150	0	180
TOTAL Mkt. Yr. Imports	1450	1265	1410	1450	0	1450
Jul-Jun Imports	1450	1265	1410	1450	0	1450
Jul-Jun Import U.S.	845	813	860	750	0	735
TOTAL SUPPLY	1730	1545	1830	1770	0	1840
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0
Jul-Jun Exports	0	0	0	0	0	0
Feed Dom. Consumption	565	424	665	630	0	680
TOTAL Dom. Consumption	1480	1375	1580	1560	0	1645
Ending Stocks	250	170	250	210	0	195
TOTAL DISTRIBUTION	1730	1545	1830	1770	0	1840

Wheat Production

In crop year 2001 (October 2000 - September 2001), 60,000 hectares were planted for commercial wheat production and between 18,000 and 20,000 hectares were planted under subsistance agriculture conditions, mainly by the Bedouins of Israel's Negev region. Out of the 60,000 hectares, 30,000 hectares were planted in the Negev, from the Beit Kama - Erez line to the Ofakim - Kerem Shalom line, 13,000 hectares were sown in the Lakhish area, another 13,000 in the inner valleys of the north (Jezreel and Beit Shean) and the rest were divided between the Golan and the Western Galilee. In the past, some 15 to 20 thousand hectares were partially irrigated. In recent years, none of the wheat has been irrigated, due to water quotas and strong competition for recycled water from more profitable crops.

Crop year 2001 was the sixth consecutive year with unfavorable rainfall. While in the former five years, the wheat suffered droughts, the reported year showed sufficient precipitation in most regions but the seasonal distribution was poor. Heavy rains during October and November 2000 caused good germination, which gave hope for a good crop year. Some showers during December 2000 and January 2001 encouraged the growth of

the wheat, but a complete halt from February 2001 on, caused shriveling of the kernels. Out of total production, 10 tmt were of very low quality, with shriveled kernels. Average hectoliter weight was 76.1, six points lower than in the previous year (81), while the protein level was 12% slightly higher than in the previous year. While long term average annual production is 160 - 180 tmt, the harvest, in summer 2001 yielded 150 tmt, of which 60 tmt were sold to feed millers, 20 tmt were added to the emergency stocks and 15 tmt were retained as seed.

Farm Gate Price

The price for the farmers is based on the CBOT price at harvest time. Freight and handling cost is added to the basic price, in order to equalize the prices of local and imported wheat. A premium is paid on high protein. The average base price, in the summer of 2001, for wheat delivered to the mill was $139.60/mt. The average premium for protein was $6.94/mt for each percent above 12. The total average delivered price reached $150/mt. The price for milling quality wheat sold to the feed mills, due to the Shmita (the biblical seventh or fallow year), was $12 to $13/mt lower. The government promised farmers to make up the difference which totaled almost $800,000 on the entire crop.

Production Policy

The lasting political tension in the area convinced the government of the importance of some degree of self sufficiency in food production and of the need to increase the size of strategic wheat stocks which had been reduced in recent years. Encouraging planting is also a part of government policy of preserving public open areas. Usually, government lands in the Negev were leased out to the Bedouin on annual basis. Recently, in order to enable the farmers to base cultivation on a reasonable crop rotation, the land has been leased in 5 year periods. This new arrangement presently covers 8,000 hectares, but the government intends to reach similar arrangements for 15,000 to 20,000 hectares.

Varieties

The popular varieties are of hard wheat, from CIMIT, adapted to specific Israeli climate and soil conditions. The most popular types planted in the 2002 season are: Negev, Galil, Ariel and Beit Ha'Shita, all produced by the "HaZera" company. They represent 7-percent of the planted area. The rest is planted with Nirim and Gedera varities, produced by Gedera Seeds Company.

Outlook for MY 2002

Eighty thousand hectares were planted in crop year 2002, of which 60,000 are in the commercial sector and 10 to 15 thousand were planted in the Bedouin subsistance sector. Planted area may be expanded by another 10,000 hectares of late planting, of which

6,000 may be in the Bedouin sector. This depends on additional rainfall in the Negev region in the second half of December. Precipitation, up to the time of this report (mid December 2001), in most of the growing area, is higher than the long term average. Substatial early rains during the months of October and November 2001, enabled early weed control and planting under good conditions. The fields look good and give hope for a harvest of 180 to 200 thousand metric tons of good quality wheat.

Consumption

Wheat is consumed by the milling industry and the livestock sector, mainly poultry. Annual consumption totals 1.5 to 1.6 million tons, of which close to one million mt is for human consumption and the rest is consumed by the livestock sector. The milling industry consumes high quality HRW wheat, 85 percent of which is imported from the U.S. Israel's wheat imports included, in the past, all Palestinian consumption, which was estimated at 250-300 tmt. In recent years, the Palestinians have established alternative sources for part of their supply. In the medium term, consumption in Israel will expand with population increase, but it is also predicted that the Palestinians, who at present buy a portion of their needs from Israeli importers, will try to increase their independent imports. In the past, until the 1994 Economic Agreements between Israel and the Palestinian Authority (PA), most of the Palestinian needs were supplied by Israeli mills. Now, there are four state of the art flour mills in the PA, which are capable of satisfying the entire Palestinian demand. Israeli millers, now consider the PA a lost market.

Black Sea Competition

Significant use of feed wheat by Israeli feed millers, started in 1996 when production in the Black Sea Basin grew dramatically. Imports started with 250 tmt in CY 1996 and reached a high of 770 tmt in CY 1999. The growing demand for feed wheat was encouraged by very competitive Black Sea prices. The feed milling industry in Israel which is highly price oriented, having learned how to add enzymes to the mix, has introduced feed wheat into poultry diets to replace more costly corn and sorghum as an energy source. In CY 2000, U.S. corn and sorghum prices dropped significantly, and drought conditions in the Black Sea Basin reduced production. American corn and sorghum returned to the Israeli poultry diet and feed wheat imports dropped to 550 tmt. This continued into the first half of CY2001. However, beginning in August 2001, shipments of feed wheat from the Black Sea Basin picked up. Monthly shipments vary, and can go as high as 70-90 tmt. CY2001 will end with total imports of 500 to 510 tmt. Lower feed wheat prices in early 2002 can be expected to ensure continuous importation from the Black Sea Basin, mainly from the Ukraine and Russia. Imports in CY2002 are forcast at 600 to 700 tmt, mainly displacing corn.

For the medium and long term, exporters can expect fluctuations in the quantities of each feedgrain imported by Israel in correlation with the price ratios of the grains and their

various sources: feed wheat, corn and sorghum are substitutable energy suppliers in poultry diets. The reason for larger shipments of U.S. corn and sorghum, at the expense of feed wheat in CY 2000, and the return to feed wheat in CY2001, lies in the changing prices that the feed millers paid for feed wheat ($/mt):

Table 1. Prices of Grain to Israeli Feedmills
$/mt

			2001	
	1999	2000	1st half	2nd half
Feed Wheat	114	128	129	114
Corn	119	124	125	119
Sorghum	121	122	134	128
Barley	107	132	139	119

Source: Publication by the Feed Centers Forum.

The demand for feed wheat and corn is derived from developments in the livestock and mainly in the poultry industry.

The Broiler Industry

Production of broilers in CY2001 will be 300,000 metric tons, similar to that of 2000. The rapid expansion of broiler production in the previous 4 years has slowed down. The political unrest and deepening economic recession has affected the demand for poultry, partially due to a steep drop in the number of tourists visiting the country. Initially, the decline in demand has manifested itself in a reduced farm gate price. If the economic situation does not improve, production volume can be expected to shrink too. The budget submitted for fiscal year 2002 indicates a continuation and perhaps even a deepening of the economic recession. For the medium and long term, production of broiler meat can be expected to grow at least pari passu with the population. In fact, per capita consumption in 2001 is 16 percent above that of 1995.

Table 2. Per Capita Consumption of Broiler Meat

Calendar Year	Kg/capita
1994	27.1
1995	27.8
1996	27.5
1997	27.3
1998	28.1
1999	30.4
2000	32.2
2001	32.4

The increase in consumption, in recent years is explained by two main factors:

A continuous decline in broiler prices, in real terms, as shown below.

Table 3. Index of Consumer Prices for Broilers (1989=100):

Calendar Year	Index
1989	100.0
1990	91.2
1991	82.9
1992	85.1
1993	75.5
1994	75.1
1995	70.2
1996	72.1
1997	73.1
1998	69.4
1999	66.5
2000	64.6
2001	65.6*

Source: Central Bureau of Statistics.

The increased real price of broilers in 2001 is a result of high prices in the first half of 2001. The picture is totally different in the second half. Price reduction for broilers

became possible due to a decline in the price of feed in recent years coupled with improved production efficiency. The main factor in improving efficiency was the increase in the size of production units: some eight years ago, 4,000 growers produced 180,000 mt of broilers - an average of 45 mt per grower. In 2001, 600 producers will ship 300,000 mt - average production per unit has grown more than ten fold and farm size continues to grow, especially in the cooperative sector.

2. The second factor is the growing variety of further processed products offered to the Israeli consumer. The U.S. Grains Council was deeply involved in the introduction of broiler industry leaders to the advantages to be gained from introduction of further processed and branded products.

The Dairy Industry

The dairy industry is undergoing a reorganization which began in 1999 and is planned to end in 2004. The goals of the reform are two:

1. To increase production efficiency;
2. To help producers adapt to strict new environmental control regulations. The first goal is being achieved by encouraging mergers of dairy herds in the family farm and the collective sectors. While, in the past, a common production unit in the family sector owned an annual milk production quota of 300,000 liters,the minimal production unit entitled to governmental reorganization grants owns a milk quota of 600,000 liters. Actually, after reorganization is accomplished, new farms in the family sector which produce more than 1,000,000 liters will be common. In the collective sector, minimal annual production needed to comply with the reform criteria is 4,000,000 liters but many merged farms will produce more than 10 million liters at the end of the reform process.

The main grain consumed by the dairy sector is barley which is completely imported from non U.S. sources. The industry is also the only consumer of gluten feed, which is imported exclusively from the U.S. only.

Trade

Since 1997, the U.S. market share for wheat, which in previous years exceeded 80 percent, dropped to below 50 percent. Total quantity of milling wheat from the U.S. has not declined, but feed wheat imports expanded significantly. Its price, well below that of corn as an energy source, shorter transportation lines and enhanced logistic flexibility, derived from shipping by small vessels, makes the Black Sea region a natural source for Israel for some grains, mainly feed wheat. On the other hand, unstable production, caused by poor management, lack of working capital and climatic conditions, can be expected to cause supply from that region to fluctuate. This is what happened in late 2000 and early 2001. Increased demand for feed wheat from Western Europe and corn from Eastern

Europe and the Black Sea basin which are still considered GMO free, raised their prices and helped make U.S. feedgrains more price competitive. With respect to feed grains, price will continue to be a major factor in Israeli importers' sourcing considerations.

The picture is not the same with milling wheat, since quality, uniformity and consistency are main considerations for the milling industry and the millers' customers in the baking industry. The U.S. share of milling wheat can be expected to remain high, but not at it's present long term level of approximately 90 percent. Australia is a potential threat to the U.S. in HRW market. Israeli and Palestinian millers also continue to experiment with trial shipments from Germany and elsewhere in Western Europe.

Trade Policy

Former restrictions on sourcing of milling and feed wheat were abolished by the Israeli government after it joined the WTO. There is no duty on wheat imports. Imported grains must meet the standards of the Plant Protection and Inspection Services of the MOA. The longstanding linkage of wheat imports to purchases of domestically grown wheat has been suspended because of the extended drought and consequent low domestic production in recent years, but it has not been officially abolished.

Import Trade Matrix			
Country:		Units:	000 MT
Commodity:			
Time period:			
Imports for	2000		2001
U.S.	817	U.S.	628
Others		Others	
United Kingdom	90		N/A
Netherlands	5		N/A
Germany	48		N/A
France	55		N/A
Russia	185		N/A
Black Sea Basin	213		N/A
Turkey	17		N/A
Others	72		670
Total for Others	685		670
Others not listed			0
Grand Total	1502		1298

*Israel's trade statistics are based on "country of purchase" which in many cases is different from the "country of origin". UK, Netherlands and Switzerland, which are large, trading centers, appear in Israel's statistics as suppliers of feed and food grains, when actually they are locations of brokers.

PSD Table						
Country:	Israel					
Commodity:	Barley					
		2000		2001		2002
	Old	New	Old	New	Old	New
Market Year Begin		6/2000		6/2001		6/2002
Area Harvested	2	2	10	5	0	10
Beginning Stocks	0	20	20	15	0	15
Production	4	4	10	5	0	10
TOTAL Mkt. Yr. Imports	420	272	480	300	0	300
Oct-Sep Imports	400	272	400	300	0	300
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	424	296	510	320	0	325
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0
Oct-Sep Exports	0	0	0	0	0	0
Feed Dom. Consumption	392	270	470	293	0	298
TOTAL Dom. Consumption	404	281	487	305	0	310
Ending Stocks	20	15	23	15	40	15
TOTAL DISTRIBUTION	424	296	510	320	0	325

Note: The significant difference between old and New figures in 1999 and 2000 is due to the change of the marketing year October-September to June-May.

Barley Production

Most barley was produced in Israel's Arab sector and in the PA, as feed for livestock (mainly sheep) and for seed. In recent years, due to cropping pattern considerations, some barley is planted also in the Jewish sector, but only for hay or silage. The Arab sector (mainly the Bedouin in the Negev area), who used to plant between 6 and 12 thousand hectares, depending on climatic conditions, have shifted to wheat in recent years. Crop year 2001 saw production of 5 tmt. It is expected that due to the high price for barley, and anticipation of a rainy winter, local production will reach 10,000 mt. For many years the Bedouin stored seed from year to year for planting and the quality of seed deteriorated. This caused average yields to decline. Recently they indicate a willingness to invest in new varieties, in order to increase yields.

Consumption

Barley is mainly consumed by cattle and other farm livestock. Until MY1999, imports of barley showed a rising trend: from 400 tmt in MY1996 to 580 in 1999. In MY 2000 the trend changed due to a steep increase in prices. Consumption during MY2001 is estimated at approximately 300 tmt. In the following year consumption is expected to grow slightly.

Trade

In recent years, barley is mainly imported from the Black Sea Basin, including Ukraine and Bulgaria. American barley is not competitive in the Israeli market either in quality or in price.

Trade Policy

No tariff or nontariff barriers impede barley imports.

Import Trade Matrix			
Country:		Units:	000 MT
Commodity:			
Time period:	2000		
Imports for	2000		2001
U.S.	N/A	U.S.	N/A
Others		Others	
United Kingdom	51		N/A
Netherlands	12		N/A
France	10		N/A
Germany	29		N/A
Russia	7		N/A
Black Sea Basin	153		N/A
Turkey	15		N/A
Others			
Total for Others	277		N/A
Others not listed	63		372
Grand Total	340		372

* Israel's trade statistics are based on "country of purchase" which in many cases is different from the "country of origin". UK, Netherlands and Switzerland, which are large trading centers appear in Israel's statistics as suppliers of feed and food grains, when actually they are locations of brokers.

** According to importers, there is no importation of barley from the U.S. The above figures probably refer to shipments from Canada.

PSD Table						
Country:	Israel					
Commodity:	Corn					
		2000		2001		2002
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Area Harvested	0	0	0	0	0	0
Beginning Stocks	40	40	40	75	0	50
Production	0	0	0	0	0	0
TOTAL Mkt. Yr. Imports	700	1030	600	680	0	730
Oct-Sep Imports	700	1030	600	680	0	730
Oct-Sep Import U.S.	600	652	400	400	0	410
TOTAL SUPPLY	740	1070	640	755	0	780
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0
Oct-Sep Exports	0	0	0	0	0	0
Feed Dom. Consumption	645	910	540	620	0	650
TOTAL Dom. Consumption	700	995	610	705	0	730
Ending Stocks	40	75	30	50	0	50
TOTAL DISTRIBUTION	740	1070	640	755	0	780

Production of Feed Corn

Feed corn is not grown in Israel due to its high water consumption in summer. Due to increasing water scarcity in Israel, planting of all summer crops (including some more profitable than feed corn, such as cotton, processing tomatoes and sweet corn) will be restricted, even for those producers who can utilize recycled water. Annually, 5,500 ha of corn are planted for green forage and silage for the livestock industry. Another 5,500 to 7,000 ha of a sweet corn is planted for fresh consumption and canning. Of this area only a small area for fresh consumption will be planted regularly in the future. Small amounts of sweet corn for canning will be planted only after a rainy winter, when soil moisture will enable addition of just a small quantity of auxilliary irrigation water.

Corn Consumption

Corn consumption in mY2000 broke existing records. It totaled almost one million mt. The reason for the high consumption, lies in the low yields of feed wheat in the Black Sea Basin as a result of the drought, and mainly in corn's low price, relative to the prices of sorghum and of feed wheat, it's main competitors in poultry diets. The quantity of imported corn in MY2000 was very close to the maximum possible consumption levels. Despite the fact that corn is considered an excellent grain for poultry, its use in broiler rations is limited due to xantophy1 pigmentation which turns the broiler meat yellow. Israeli consumers refuse to buy yellow chickens, since they relate the color to high fat content and poor health. In MY2001 corn consumption will drop, due to greater feed wheat availability in the Black Sea Basin. In MY2002 corn consumption is expected to grow slightly due to increased imports of cheaper corn from South America. Starch, corn flour and glucose producers have been purchasing 70 tmt of high quality corn per year from the U.S. Recently it increased its consumption by 10 to 15 tmt. Most of their product is exported to European markets who now demand GMO free products and GMO labeling. U.S. shippers were unable to supply GMO free corn at competitive prices. Corn gris imports in MY2000 ended 21% lower than in the previous year and 5% lower than two years ago. This is explained by increased use of low cost whole corn. All corn grits are imported from the EU, mainly from Germany. Corn gluten feed is imported solely from the U.S.

Trade

MY1999 and the first half of MY2000 saw an increased market share for American corn which displaced corn from Russia, Ukraine, Hungary and Romania. The main reason lay in the lower U.S. prices and a shortage of corn in Easter Europe. Spring and summer 2001 saw a longer than usual import season from latin America and increased shipments of corn from Argentina and Brazil. The cif Haifa price for South American corn was $8 to $10/mt lower than the price for U.S. corn. What's more: the quality of the Argentinian corn was considered higher than that of the American corn due to its higher protein level and lower moisture content. It is expected that South America, with its expanding planted area and its improving loading facilities will become a regular supplier of corn and soybeans to Israel, mainly during the late spring and early summer. MY2001 is expected to witness reduced corn imports mainly from the U.S. due to an increased supply of feed wheat from the Black Sea Basin.

Import Trade Matrix			
Country:		Units:	
Commodity:			

Time period:			
Imports for	2000		2001
U.S.	786	U.S.	554
Others		Others	
United Kingdom	N/A		N/A
Netherlands	N/A		N/A
Germany	N/A		N/A
France	N/A		N/A
Russia	N/A		N/A
Black Sea Basin	N/A		N/A
Argentina	4		N/A
Total for Others	4		N/A
Others not listed	N/A		504
Grand Total	790		1058

*Israel's trade statistics are based on "country of purchase" which in many cases is different from the "country of origin". UK, Netherlands and Switzerland, which are large trading centers appear in Israel's statistics as suppliers of feed and food grains, when actually they are locations of brokers.

GMO Corn and High Oil Corn

Israel's has still not issued food labelling regulations with respect to imports and domestically produced products. A large proportion of domestic food processing is intended for the EU market where GMO contents are a matter of concern. Hence, in spite of a lack of any regulations preventing imports of GMOs in food or otherwise, Israeli importers are increasingly demanding GMO free products and raw materials for processing.

PSD Table						
Country:	Israel					
Commodity:	Sorghum					

		2000		2001		2002
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Area Harvested	0	0	0	0	0	0
Beginning Stocks	10	10	10	8	0	8
Production	0	0	0	0	0	0
TOTAL Mkt. Yr. Imports	150	167	150	100	0	105
Oct-Sep Imports	150	167	150	100	0	105
Oct-Sep Import U.S.	145	167	145	100	0	100
TOTAL SUPPLY	160	177	160	108	0	113
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0
Oct-Sep Exports	0	0	0	0	0	0
Feed Dom. Consumption	145	161	150	95	0	100
TOTAL Dom. Consumption	150	169	155	100	0	105
Ending Stocks	10	8	55	8	0	8
TOTAL DISTRIBUTION	160	177	160	108	0	113

Sorghum Production

Sorghum has not been grown in Israel since the mid 70's, due to the high price of water and low profitability, considering alternative uses of water and land.

Consumption

Due to the increased price of the sorghum, consumption in MY2000 was 10 percent lower than in the previous year and significantly reduced consumption is forecast for MY2001 and MY2002. The millers are aware of sorghum's nutritional benefits but it has been completely removed from poultry diets on economic grounds. The difference in price between sorghum and corn or feed wheat is so high that the nutritionists do not even consider inclusion of sorghum in the diet. The millers keep a constant stock which varies between 8 tmt to 10 tmt, just for special orders. The next large shipment of sorghum is expected in February 2002, for use in feed for Passover, as a substitute for feed wheat, the use of which is forbidden from 3 weeks prior to Passover until the end of the feast. The U.S. Grains Council is conducting a feed trial in a commercial farm in order to demonstrate American corn and sorghum's nutritional and economic benefits for the poultry grower. Since sorghum competes with corn and feed wheat, consumption in MY2002 is not forecast to increase beyond the level recorded in MY2001 due to an expected increase in feed wheat use.

Trade

When sorghum is imported, the U.S. is the only source.

Import Trade Matrix			
Country:		Units:	000 MT
Commodity:			
Time period:			
Imports for	2000		2001
U.S.	187	U.S.	54
Others		Others	
United Kingdom	N/A		N/A
Netherlands	N/A		N/A
Switzerland	N/A		N/A
Others	N/A		N/A
Total for Others	N/A		N/A
Others not listed	19		1
Grand Total	206		55

*Israel's trade statistics are based on "country of purchase" which in many cases is different from the "country of origin"., UK, Netherlands and Switzerland, which are large trading centers appear in Israel's statistics as suppliers of feed and food grains, when actually they are locations of brokers.

** Actually, almost 100% of Sorghum importation is from the US.

ANNEX I

FLUCTUATIONS IN THE SUPPLY OF U.S. GRAINS TO ISRAEL AND U.S. MARKET SHARES

Total Imports of Bulk Agricultural Products
Thousands of metric tons

Calendar Year	1996	1997	1998	1999	2000	2001
Feed Grains						
Sorghum	308	518	71	143	206	60
Corn	586	548	623	723	790	982
Corn grits	102	96	70	76	74	70
Corn gluten	39	81	76	98	116	119
Barley	402	359	480	582	340	357
Feed wheat	175	270	676	766	555	502
Oil meals	196	185	112	142	160	142
Misc. proteins	89	114	10	29	47	53
Rye & Oats	75	3	3	88	68	64
Rape & sunflower	35	48	39	76	68	39
Sub total feed grains	2007	2222	2160	2723	2424	2388
Milling wheat	645	804	884	816	805	800
Soybeans	441	583	517	657	549	634
Grand total	3093	3609	3561	4196	3923	3822

Source: Ministry of Agriculture, Office of Prices and Supply.

* Jan - Nov: according to published figures. December 2001: according to information collected from importers.

Total Imports of Bulk Agricultural Products - US Market Share % of total imports

Calendar Year	1996	1997	1998	1999	2000	2001
Feed Grains						

Sorghum	100	97	92	96	91	100
Corn	100	79	18	59	99	56
Corn grits	0	0	0	0	0	4
Corn gluten	100	100	97	87	100	93
Barley	8	0	0	0	0	0
Feed wheat	35	0	0	0	2	6
Oil meals	41	10	21	27	39	39
Misc. proteins	89	48	0	21	57	72
Rye & Oats	0	0	0	0	0	0
Rape & sunflower	0	0	0	0	0	0
Sub total feed grains	59	49	13	24	49	36
Milling wheat	91	95	88	82	85	75
Soybeans	99	100	72	82	99	80
Grand total	71	67	40	44	65	51

Source: Based on data from Ministry of Agriculture, Office of Prices and Supply.